



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor
Joel Brennan, Secretary
Naomi De Mers, Division Administrator

By E-Mail

November 11, 2019

Wisconsin State Legislature
Office of the Wisconsin State Assembly Chief Clerk
17 West Main Street, Room 401
Madison, Wisconsin 53703

Attn: Patrick E. Fuller (patrick.fuller@legis.wisconsin.gov)

RE: Notification Under Wis. Stat. Section 16.84(5)(a) of the Department of Administration's (DOA) intent to sign a lease amendment to Lease #505-001 which exercises a 5-year renewal option with an Annual Rent in Excess of \$500,000

Dear Chief Clerk Fuller:

This letter, together with the accompanying copy of the above captioned lease amendment, serves as the official submission by the Department of Administration of the proposed lease amendment to the Chief Clerk of the Wisconsin State Assembly, as required under the above captioned statute.

The DOA Secretary's Office approved this required submittal to the Assembly Chief Clerk on November 5, 2019.

Summary of Proposed Lease Renewal Option

On July 21, 2014, the Department of Administration entered a 5-year lease for 3,000 square feet of data center space located at 3135 West Highland Blvd in Milwaukee for the purpose of data disaster recovery. The initial lease term will expire on 10/31/19, with two 5-year renewal options remaining. DOA has renegotiated various lease terms, including the rental rates, reducing the costs by approximately \$2.35M over the period of the First Renewal Term.

Please direct any questions in connection with the proposed lease to Paula Veltum, Deputy Division Administrator, Department of Administration, Division of Facilities Development & Management, paula.veltum@wisconsin.gov or 608-266-3086.

Sincerely,

Paula Veltum
Deputy Division Administrator
Department of Administration
Division of Facilities Development & Management

cc: DOA Secretary's Office

FIRST LEASE AMENDMENT

This FIRST LEASE AMENDMENT is made and entered into this _____ day of _____, 2019, by and between Data Holdings, LLC ("Lessor"), whose address is 3135 West Highland Blvd, Milwaukee, WI 53208, and the STATE OF WISCONSIN, DEPARTMENT OF ADMINISTRATION ("Lessee").

WHEREAS Lessor and Lessee have entered into a lease dated July 21, 2014, together with all amending instructions subsequent thereto (collectively, the "Lease"), which Lease covers approximately 3,000 square feet of data center space (the "Premises") in Lessor's building, together with all appurtenances and access to common areas, located at 3135 West Highland Blvd, in the City of Milwaukee, Wisconsin, (the "Building"), and

WHEREAS, Lessor and Lessee thereto wish to amend said Lease,

NOW, THEREFORE, in consideration of the mutual covenants contained herein, Lessor and Lessee agree to amend the Lease effective on November 1, 2019, (the "Commencement Date") as follows:

1. **Exercise of First Renewal Option** - Lessee hereby exercises the First Renewal Term option which covers the period of November 1, 2019 to October 31, 2024. Lessor accepts Lessee's notice and considers it to be made timely. In addition, Lessee shall have the right to terminate this lease early, but not sooner than October 31, 2022, by providing Lessor with written notice not less than 180 days prior to the desired lease termination date.
2. **Section 5. RENEWAL RENTALS** - The renewal rental rate schedules contained in Section 5 of the lease are to be deleted in their entirety and replaced with the following schedules:

First Renewal Term Rental Rate Schedule

<u>Begin Date</u>	<u>End Date</u>	<u>Facility Annual Rent</u>	<u>Managed Network Services</u>	<u>Total Annual Rent</u>	<u>Monthly Rent</u>
November 1, 2019	October 31, 2020	\$ 1,080,000.00	\$ 492,120.00	\$ 1,572,120.00	\$ 131,010.00
November 1, 2020	October 31, 2021	\$ 1,080,000.00	\$ 492,120.00	\$ 1,572,120.00	\$ 131,010.00
November 1, 2021	October 31, 2022	\$ 1,080,000.00	\$ 492,120.00	\$ 1,572,120.00	\$ 131,010.00
November 1, 2022	October 31, 2023	\$ 1,080,000.00	\$ 492,120.00	\$ 1,572,120.00	\$ 131,010.00
November 1, 2023	October 31, 2024	\$ 1,080,000.00	\$ 492,120.00	\$ 1,572,120.00	\$ 131,010.00

Second Renewal Term Rental Rate Schedule

<u>Begin Date</u>	<u>End Date</u>	<u>Facility Annual Rent</u>	<u>Managed Network Services</u>	<u>Total Annual Rent</u>	<u>Monthly Rent</u>
November 1, 2025	October 31, 2026	\$ 1,080,000.00	\$ 492,120.00	\$ 1,572,120.00	\$ 131,010.00
November 1, 2026	October 31, 2027	\$ 1,080,000.00	\$ 492,120.00	\$ 1,572,120.00	\$ 131,010.00
November 1, 2027	October 31, 2028	\$ 1,080,000.00	\$ 492,120.00	\$ 1,572,120.00	\$ 131,010.00
November 1, 2028	October 31, 2029	\$ 1,080,000.00	\$ 492,120.00	\$ 1,572,120.00	\$ 131,010.00
November 1, 2029	October 31, 2030	\$ 1,080,000.00	\$ 492,120.00	\$ 1,572,120.00	\$ 131,010.00

3. Section 7. CONVENANTS OF LESSOR. Add the following provision to this section:

a) *“7(n) - Pursuant to 2019 Wisconsin Executive Order 1, Lessor agrees it will hire only on the basis of merit and will not discriminate against any persons performing under a contract, subcontract or grant because of military or veteran status, gender identity or expression, marital or familial status, genetic information or political affiliation.”*

4. Section 15. RIGHT TO LEASE ADJACENT SPACE. All language in this provision shall be deleted in its entirety and replaced with the following language: *“Lessee agrees that it no longer retains the right to lease neither the “Additional Space” and the “DOA Right of 1st Refusal” areas as shown in Exhibit B of the lease. Lessee acknowledges and agrees with Lessor intentions to construct a demising wall between the Premises and the Additional Space. The demising wall must meet current security standards as contained in NIST 800. Lessor must receive Lessee’s written consent, which shall be unreasonably withheld, prior to the construction of the wall.”*

5. Section 22. LESSEE COSTS.

a) Electricity

i. All language in paragraph 22(a) shall be deleted and replaced with the following:

“Lessor shall provide electricity to the Premises. The Premises are separately metered for electrical consumption. Lessee shall reimburse Lessor for the actual cost of electricity consumed within the Premises based upon submeter readings and the actual rates charged to the Lessor by the electricity service provider. On a monthly basis, Lessor shall invoice Lessee the estimated cost of electricity consumed. The amount to be invoiced shall be calculated by multiplying the actual kilowatt hours (KWh) consumed multiplied by \$.08. In addition, on a monthly basis, Lessor shall invoice Lessee for electric utility infrastructure costs (such as cooling, UPS power consumption,

common area electricity, etc.) which shall be based upon the actual Power Usage Effectiveness (PUE) of the Facility. The PUE shall be capped at 50% of the amount invoiced for electricity.

Within sixty (60) days of end of each lease year, Lessor shall provide Lessee, for Lessee's review and approval, a detailed statement which calculates the difference between the actual cost of electricity consumed in the Premises plus PUE and the total of the monthly payments made by the Lessee for electrical consumption and PUE during the lease year ("Statement of Reconciliation"). The Statement of Reconciliation shall contain enough detail to allow Lessee to perform an audit. Lessor shall provide Lessee with any and all additional detail, as requested by the Lessee. Lessee must provide Lessor with its written approval and acceptance of the Statement of Reconciliation.

In the event the mutually agreed upon Statement of Reconciliation shows that actual costs incurred were less than monthly estimated payments made by the Lessee, Lessor shall provide Lessee with a credit on Lessor's next monthly invoice to Lessee. In the event the mutually agreed upon Statement of Reconciliation shows that actual costs exceeded the monthly estimated payments made by Lessee, Lessee be responsible for the excess amount. Lessor shall include the excess amount the additional amount due on Lessor's next monthly invoice to Lessee."

b) Managed Network Services. The monthly fee contained in Section 22(b) will be reduced to \$40,010.00.

6. EXHIBIT C

Paragraph 6(a) - Cross-Connects – this lease provision shall be replaced in its entirety with the following language:

"Lessor shall provide, at Lessee's sole option, cross-connect services for both copper-based and fiber-based connections between the Premises and Lessor's Meet-Me-Room and other parties within the Facility. Currently, there eighteen cross-connects in the Premises. The Lessor has agreed to provide five cross-connects for a monthly Fiber Cross Connect Fee of \$200.00 per connect and the remaining thirteen connects at no cost. However, any additional cross-connect requested and provided will be at a monthly cost of \$200.00 per connect. Lessor shall invoice Lessee on a monthly basis for these costs."

7. All other provisions of the Lease, except as otherwise expressly provided herein, shall continue to be binding upon the parties thereto and shall inure to the benefit of said parties, their respective heirs, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names as of the date of the last signature below.

LESSOR:

Data Holdings, LLC

By: _____

Print Name and Title

Dated: _____

LESSEE:

State of Wisconsin, Department of Administration

By: _____

CHRIS PATTON
DEPUTY SECRETARY
DEPARTMENT OF ADMINISTRATION

Dated: _____

File No. 505-001